

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 USIE-00 NSCE-00 CIAE-00 PM-04
INR-07 L-03 ACDA-07 NSAE-00 PA-01 SS-15 PRS-01 SP-02
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FM USMISSION NATO
TO SECSTATE WASHDC IMMEDIATE 2185
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C O N F I D E N T I A L SECTION 1 OF 2 USNATO1432

DOD/ISA FOR WHITTNER

E.O. 11652: GDS
TAGS: EEWT, EFIN, TGEN, XH, NATO
SUBJECT: ECONADS: PROPOSED AGENDA FOR MARCH 22-23 REINFORCE
MEETING ON EAST-WEST TRADE AND TECHNOLOGY TRANSFER

REF: ECONAD/RPE-POLANSKY TELECON, MARCH 11

SUMMARY: THIS MESSAGE TRANSMITS PROPOSED AGENDA FOR
MARCH 22-23 EXPERTS MEETING ON "SIGNIFICANCE OF CHANGES IN
THE PATTERN OF EAST-WEST TRADE AND IMPLICATIONS FOR THE
ALLIANCE OF THE EASTWARD FLOW OF TECHNOLOGY. "END SUMMARY

1. WE HAVE JUST RECEIVED PROPOSED AGENDA FOR NEXT WEEK'S
EXPERT MEETING AND QUOTE IN PARA 2. THE SUB-ITEMS ARE
INDICATIVE AND PARTICIPANTS MAY WISH TO ADDRESS
ONE OR MORE, OR ALTERNATIVELY, DEAL WITH THE MAIN ITEM
FROM A MORE GENERAL VIEWPOINT. THE AGENDA REPEATS THE
CHAIRMAN'S REQUEST FOR DOCUMENTARY CONTRIBUTIONS, AND
WE UNDERSTAND FROM TELECON THAT SWARTZ WILL HANDCARRY REPORT
ON SOVIET DEBT POSITION.

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BEGIN TEXT OF AGENDA:
I. INTRODUCTORY REMARKS AND SHORT HISTORICAL BACKGROUND
(1) CHANGES OBSERVED IN:
-TOAL VALUE OF TRADE
-EXPORTS (INCLUDING THE COMMODITY PATTERN)
- IMPORTS (INCLUDING THE COMMODITY PATTERN)
- TERMS OF TRADE.
(2) THE RESULTING DEFICIT.
(3) DISCREPANCIES IN TRADE DATA AND ATTEMPTS TO CLARIFY
THEM.

II. WEST-EAST TECHNOLOGY TRANSFERS

- (1) DEFINITION OF TECHNOLOGY (HARDWARE AND SOFTWARE).
- (2) ASSESSMENT OF THE TECHNOLOGY GAP (USSR AND EASTERN EUROPE).
- (3) AREAS OF TECHNOLOGY TRANSFERS.
- (4) CURRENT TRANSFER PATTERNS.
- (5) COMECON INTEGRATION AND TRANSFERS OF WESTERN TECHNOLOGY WITHIN THE AREA.
- (6) THE ECONOMIC IMPACT OF TECHNOLOGY TRANSFERS ON EASTERN COUNTRIES (TENTATIVE ASSESSMENT AND PROSPECTS).
- (7) IMPLICATIONS FOR THE ALLIANCE OF THE EASTWARD FLOW OF TECHNOLOGY (TENTATIVE ASSESSMENT AND PROSPECTS):
 - (I) ECONOMIC ADVANTAGES:
 - (II) ECONOMIC DRAWBACKS (IMPROVEMENT OF THE COMPETITIVE POSITION OF CERTAIN EASTERN COUNTRIES);
 - (III) THE POSSIBLE CHANNELLING OF WESTERN TECHNOLOGY INTO THE DEFENCE SECTOR OF THE COMMUNIST COUNTRIES AND THE RISKS FOR THE ALLIANCE.
- (8) THE SHARE OF TECHNOLOGY IN CURRENT AND IN FUTURE EXPORTS TO THE EAST.
- (9) THE REVERSE TECHNOLOGICAL FLOWS - EAST TO WEST (BRIEF EXAMINATION AND EVALUATION).

III. PRESENT SITUATION AND PROSPECTS OF EAST-WEST TRADE CONFIDENTIAL

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- (1) EXPORTS BY THE WEST:
 - THE SIGNIFICANCE OF SUCH EXPORTS FOR SPECIFIC SECTORS OF THE ECONOMIES OF THE ALLIED COUNTRIES;
 - THE SIGNIFICANCE FOR EASTERN COUNTRIES OF THEIR PURCHASES IN THE WEST;
 - PROSPECTS (DEVELOPMENT OF SALES, THEIR GEOGRAPHICAL DISTRIBUTION AND THE COMMODITY PATTERN).
- (2) IMPORTS BY THE WEST:
 - ECONOMIC IMPACT ON WESTERN ECONOMIES OF PURCHASES FROM THE EAST:
 - IMPORTANCE FOR EASTERN ECONOMIES OF THEIR SALES TO THE WEST;
 - THE FUTURE GEOGRAPHICAL AND COMMODITY PATTERN OF WESTERN PURCHASES IN THE EAST.
- (3) THE TRADE BALANCE:
 - PROSPECTS FOR 1977 AND FOLLOWING YEARS UP TO 1980.
- (4) COMECON INTEGRATION AND ITS SIGNIFICANCE FOR EAST-WEST TRADE.

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 1432

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IV. THE FINANCING OF EAST WEST TRADE

(1) THE HARD CURRENCY SHORTAGE OF COMMUNIST COUNTRIES AND THE INSTITUTIONAL RESTRICTIONS ON INFLOWS OF FOREIGN CAPITAL.

(2) THE "TRADITIONAL" MEANS OF BALANCING TRADE: BARTER DEALS, COMPENSATION DEALS (BUY-BACK DEALS), SWITCH TRADING, ETC.

(3) THE ROLE AND IMPORTANCE OF EXPORT CREDITS (OFFICIALLY GUARANTEED PRIVATE CREDITS AND NON-GUARANTEED PRIVATE CREDITS).

(4) THE ROLE OF THE WESTERN FINANCIAL MARKETS (LOANS BY BANKS IN DOMESTIC AND EURO-CURRENCIES, FLOATING OF BONDS, SHORT AND MEDIUM TERM FINANCIAL ADVANCES BY WESTERN BANKS, ETC.)

(5) THE MEANS OF MONITORING EASTERN OPERATIONS IN THE WESTERN FINANCIAL MARKETS (BORROWINGS, DEPOSITS, GOLD SALES, ETC.)

(6) THE IMPLICATIONS FOR THE EAST AND THE EAST AND WEST OF THE GROWING INDEBTEDNESS OF EASTERN COUNTRIES.

(7) THE POSSIBLE COST TO WESTERN ECONOMIES OF THE FINANCIAL FACILITIES GRANTED TO EASTERN COUNTRIES.
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(8) THE SORT AND MEDIUM TERM PROSPECTS. END TEXT.
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